

Public Service Commission of Wisconsin

Eric Callisto, Chairperson
Mark Meyer, Commissioner
Lauren Azar, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

September 15, 2008

Received & Inspected

SEP 22 2008

FCC Mail Room

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 - 12th Street, SW
Washington, DC 20554

Ms. Karen Majcher, Vice President
High Cost & Low Income Support
Universal Service Administrative Co.
2000 L Street N.W., Suite 200
Washington, DC 20036

RE: Annual Certification of Rate Comparability for Non-Rural
Carriers Serving in Rural Areas

05-GF-139

CC Docket No. 96-45

Dear Ms. Dortch and Ms. Majcher:

The Federal Communications Commission (FCC) has adopted a requirement that state commissions must file an annual certification with the Universal Service Administrative Company (USAC) and the FCC regarding the comparability of rates in rural, high-cost areas served by nonrural incumbent local exchange carriers (ILECs) to urban rates nationwide.

The FCC established a "safe-harbor" rate, below which rural and urban rates would be presumed to be comparable, without further analysis.² For this year, the safe-harbor rate is \$36.52, which represents two standard deviations above the nationwide average of rates for basic unlimited local service, including taxes and surcharges.

In Wisconsin, there are two non-rural ILECs: Wisconsin Bell, Inc., d/b/a AT&T Wisconsin (AT&T), and Verizon North, Inc. (Verizon). The Public Service Commission (Commission) staff performed a rate comparability analysis, using rates currently effective. (See attachment.) The ranges of rates charged by AT&T and Verizon in rural areas are similar to what those companies charge in urban areas. AT&T rates in both rural and urban areas range from \$29.05 to \$29.43. Verizon rates in rural areas range from \$28.02 to \$33.33, while rates in its urban areas range from \$28.49 to \$33.23. These rates for unlimited service do not exceed the

¹ In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Order on Remand, Further Notice of Proposed Rulemaking, and Memorandum Opinion and Order (FCC 03-249) (released October 27, 2003).

² A state may conclude that its rural rates are reasonably comparable to urban rates, even if they exceed the safe-harbor rate, but it must then fully explain its rate comparability analysis and provide data supporting its conclusion.

No. of Copies rec'd 0
List ABCDE

Ms. Marlene H. Dortch & Ms. Karen Majcher
Docket 5-GF-139
Page 2

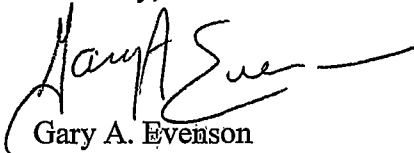
safe-harbor rate. There is therefore a presumption of urban-rural comparability according to the FCC's safe-harbor rules.

The analysis of AT&T and Verizon rates further revealed that:

- AT&T charges a uniform rate across all of its service territory, whether urban or rural.³
- Verizon charges a different rate in each exchange, based on the relative number of access lines in the exchange and the access lines in the exchange's extended area service calling area.

Based on all of the above, I can certify for the Commission that urban and rural rates charged by Wisconsin nonrural ILECs are comparable. Questions regarding this matter may be directed to me at (608) 266-6744.

Sincerely,



Gary A. Evenson
Administrator
Telecommunications Division

GAE:KLE:jrm\DL\5-GF-139\Correspondence\5-GF-139 USAC Rate Letter.doc

Attachments

³ The only exceptions to this are the 911 surcharges and sales tax, which vary by county, and are established by county governmental bodies.

Comparison of Rates Charged by AT&T in Rural Exchanges with Nationwide Average Urban Rates

Unlimited Usage Service

| | <u>AT&T rural 10/2008</u> | | <u>AT&T urban 10/2008</u> | |
|-----------------------------|--|---|--|---|
| | <u>Lowest rate for unlimited service</u> | <u>Highest rate for unlimited service</u> | <u>Lowest rate for unlimited service</u> | <u>Highest rate for unlimited service</u> |
| Unlimited flat rate | ^{1/} \$ 21.00 | \$21.00 | ^{1/} \$21.00 | ^{1/} \$ 21.00 |
| Extended area service (EAS) | \$ - | \$ - | \$ - | \$ - |
| Usage charges | \$ - | \$ - | \$ - | \$ - |
| End User Common Line (EUCL) | \$ 5.09 | \$ 5.09 | \$ 5.09 | \$ 5.09 |
| Touch tone | \$ - | \$ - | \$ - | \$ - |
| Taxes | \$ 2.22 | \$ 2.27 | \$ 2.22 | \$ 2.27 |
| 911 surcharge | \$ 0.16 | \$ 0.49 | \$ 0.16 | \$ 0.49 |
| Universal service surcharge | \$ 0.58 | \$ 0.58 | \$ 0.58 | \$ 0.58 |
| Totals | \$ 29.05 | \$ 29.43 | \$ 29.05 | \$ 29.43 |

^{1/} Complete Choice Basic Pkg. has an access line, unlt'd local, EAS & ECC usage and choice of custom calling and CNS features

Verizon North Inc.
Effective on July 1, 2008

Comparison of Rates Charged by Verizon in
Rural versus Urban Exchanges
(Unlimited Usage Service)

| | Rural | | Urban | |
|---|--|---|--|---|
| | Lowest Rate for Unlimited Service | Highest Rate for Unlimited Service | Lowest Rate for Unlimited Service | Highest Rate for Unlimited Service |
| Unlimited Flat Rate | \$18.41 | \$18.41 | \$18.41 | \$18.41 |
| Extended Area Service (EAS) | 0.00 | 4.85 | 0.60 | 4.85 |
| Usage Charges | 0.00 | 0.00 | 0.00 | 0.00 |
| Subscriber Line Charge/End User Common Line (EUCL) | 6.50 | 6.50 | 6.50 | 6.50 |
| Touch Tone | 0.00 | 0.00 | 0.00 | 0.00 |
| Taxes | 2.04 | 2.45 | 2.09 | 2.45 |
| 911 Surcharge | 0.33 | 0.38 | 0.15 | 0.28 |
| Universal Service Surcharge | 0.74 | 0.74 | 0.74 | 0.74 |
| Local Number Portability Surcharge | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | \$28.02 | \$33.33 | \$28.49 | \$33.23 |

Rolled the WI USF Program Surcharge into Unlimited Flat Rate
PSCW No. 2, Sheet No. 33, 8th Revised \$17.46
PSCW No. 1, Sheet No. 19.1, 2nd Revised \$0.95

\$18.41

N/A

FCC Tariff No. 14, 25th Revised Page 13-6

N/A

8.5% of Unlimited (exclude USF Surcharge), EAS, Usage, EUCL)

State Avg

FCC Tariff No. 14, 25th Revised Page 6-65

N/A